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## **TO: ALL BRANCHES WITH BT MEMBERS**

Dear Colleague,

### **BT PENSION REVIEW**

The CWU has continued discussions with BT about the Pension Review and BT has issued a further communication today. This briefing explains the latest position.

#### **BT Pension Scheme**

BT has not ruled out closure of the BT Pension Scheme (BTPS) for existing members with the BT Retirement Savings Scheme (BTRSS) being used for future service.

**We remain resolute in our opposition to closure and have made it clear to BT on repeated occasions that any move to closure will result in an industrial dispute.**

**The CWU is determined to ensure that the BTPS remains open for future service.**

The company case is largely based on the increasing cost of maintaining the BTPS. This in relation to the cost of funding a deficit which is estimated to be about £13 billion and also the cost of paying for future benefits for those still working for BT which the Company claims is expected to double next year.

BT remains a successful and profitable company and the CWU is challenging the financial case presented by BT. The major problems confronting the Scheme continue to be those which are external to BT: economic and financial uncertainties have led to historic lows in the interest rates against which the scheme's finances are assessed. While the cost pressures the company faces in funding the scheme are not of its own making neither are they the fault of BTPS members who would suffer the impact of closure.

BT has set out some possible options for controlling costs in the new communication. All of these would increase the cost to members and/or reduce the level of benefits in the future. The CWU is discussing these with BT, but has not agreed to any of the options mentioned.

BT has also indicated that it wishes to change the index used to increase pensions in Section C from RPI to CPI. This would also affect existing retired members. BT is in talks with the Trustees of the BTPS about this issue.

This is a most serious difficult and unsettling situation for all BTPS members, which is of immense importance to everyone's plans. We will ensure that members' interests remain paramount in the negotiations.

## **BT Retirement Savings Scheme**

Separately BT has now confirmed that the BT Retirement Saving Scheme (BTRSS) is now in scope of the review.

### **The CWU is determined to secure improvements to the BTRSS as part of this review.**

The BTRSS is the pension scheme for people who have joined BT since April 2001 and now accounts for about 50% of the UK workforce.

This is a defined contribution pension which does not have the same cost pressures as the BTPS. While we negotiated improvements to the BTRSS in 2009, we have identified the need for enhancements to BT contributions, the minimum BT payment, pension charges, death in service, medical retirement and the treatment of allowances.

By bringing the BTRSS into the review, BT is now considering our claim for improvements, which is a welcome step.

### **Next Steps**

It is important to stress that nothing has been agreed. Any potential changes, including BTPS closure, would be proposed by BT in a formal 60-day consultation, and this has not started.

Moreover, the CWU will also consult members over any changes that might be proposed before any agreement is reached.

We will continue to keep members advised of developments. In the meantime please ensure that you make your views clear to your local CWU Branch or email [btpensions@cwu.org](mailto:btpensions@cwu.org) Please note that the CWU is unable to give individual financial advice.

A copy of the new BT communication is attached for your information.

Yours sincerely,

**Andy Kerr**  
**Deputy General Secretary (T&FS)**



Pensions\_Review\_Update\_BTPS\_and\_BTRS